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FOR IMMEDIATE RELEASE:
1 DEC 2005

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What is Creditable Coverage for Medicare Part D?

Many Medicare beneficiaries are receiving letters in the mail from their current medigap insurance company, from their union, or from their employer-sponsored retiree group plan explaining how their current prescription drug coverage compares to the coverage available under the new Medicare Part D Prescription Drug Program. These letters are required to tell the recipient whether their current prescription drug coverage is "as good or better than Medicare Part D." If coverage is as good or better than Part D, current prescription coverage is called "creditable." If the current prescription coverage is not as good or not better than Part D, the coverage is not creditable.

These letters have been confusing for many people. The letters of creditable coverage that are being mailed to people who have medigap or medicare supplement insurance plans have some recipients believing that their entire medigap policy is being cancelled and that they have to purchase a new insurance policy. It important to note that you are not losing your medigap coverage and you also are not losing your Medicare Part A or Part B coverage.

In fact, if you choose not to sign up for Part D, your medigap policy will remain exactly like it is today. You will keep what is referred to as the catastrophic prescription drug coverage in your current medigap policy that has a \$6,250 deductible before drug coverage starts. If you choose to sign up for Part D, then the only change to your medigap policy is that the catastrophic prescription drug coverage with the large deductible will be removed from your current policy. All other coverage in your medigap policy will remain the same.

Unfortunately for people who have employer or union sponsored insurance plans, the changes are much more confusing. Some of these plans are dropping only prescription drug coverage and requiring all Medicare beneficiaries to enroll in Part D. Other employer sponsored plans are keeping prescription coverage intact. These plans must let their participants know if their coverage is creditable. Still other plans are dropping prescription coverage and some are also dropping all other health coverage only if the participant enrolls in Part D. It is very important that you read these letters carefully and that you fully understand what your employer sponsored group plan is doing in light of the start of Part D on January 1, 2006. Call the Human Resources Department of your previous employer or your union plan if you do not understand how these changes will affect you.

Other resources for Part D information include the Prescription Drug Helpline for Medicare Beneficiaries at 1-866-456-8211 if you want assistance in looking at Part D plan options. For questions about your insurance coverage, call the Medigap Helpline at 1-800-242-1060. Disabled adults under the age of 60 should contact the Disability Drug Benefit Helpline at 1-800-926-4862 for Part D information. You can also call Medicare directly at 1-800-633-4227

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